

Message Text

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21

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 OMB-01 SCEM-02 SCI-06 INT-08 AID-20 COME-00

EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 DRC-01 /182 W

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R 271042Z DEC 73

FM AMEMBASSY BERN

TO SECSTATE WASHDC 8552

C O N F I D E N T I A L BERN 5168

EUR/CE FOR FLATIN

E.O. 11652: GDS

TAGS: PFOR, PINT, SZ

SUBJECT: QUARTERLY TRENDS REPORT

1. DUE WORK LOAD, HOLIDAYS AND APPROACHING DEADLINE,
WE SUBMIT FOLLOWING AS QUARTERLY TRENDS REPORT REQUESTED BY
THE DECEMBER 4 LETTER TO ME FROM ASSISTANT SECRETARY
STOESSEL:

2. SWISS VIEWED 1973 DEVELOPMENTS AFFECTING THEIR SECURITY
WITH MOUNTING CONCERN. THEY WERE DISTURBED AT WAY IN WHICH
THE LARGEST OF THE EC NINE - AND THEIR NEIGHBORS - SEPARATED
THEMSELVES FROM US IN MIDDLE EAST SITUATION, BELIEVING THAT
NINE WERE BEHAVING IN PAROCHIAL MANNER AND LOSING SIGHT OF
THEIR OWN AND BROADER EUROPEAN SECURITY INTERESTS. SWISS
FEAR THAT LACK OF SOLIDARITY BETWEEN US AND MAJOR
EUROPEAN COUNTRIES IS LEADING TO SITUATION IN WHICH
NATO GREATLY WEAKENED AND COULD ACCELERATE WITHDRAWAL US
TROOPS FROM EUROPE, PROSPECT WHICH TO THEM VERY DISHEARTEN-
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3. AS THEY VIEW DEVELOPMENTS IN US-EUROPEAN RELATIONS AND INTERNATIONAL SECURITY SITUATION, THEY SEE NO REASON ABANDON NEUTRALITY STATUS IN HEART OF EUROPE AND MOST PEOPLE SEEM CONVINCED THEY ARE RIGHT NOT TO BECOME MORE INVOLVED IN EUROPEAN INTEGRATION. WHILE SWISS ENERGY STOCKS SEEM RELATIVELY AMPLE, THEY FEAR THAT SERIOUS OIL CRISES AND RESULTING RECESSION IN MAJOR EUROPEAN COUNTRIES COULD WREAK HAVOC WITH SWISS EXPORT MARKETS, WITH SERIOUS EFFECT ON SWISS INDUSTRY AND LIVING STANDARDS. SWISS ENERGY CONCERNS FOCUS ON PRICE AND BALANCE OF PAYMENTS EFFECTS TO A GREATER EXTENT THAN ON PROSPECTIVE SUPPLY DISRUPTIONS.

4. DOMESTICALLY, MAJOR TREND AFFECTING EVERYTHING IS RAPID PACE OF INFLATION WHICH SEEMS UNLIKELY TO BE CURBED BY EXISTANT GOVERNMENTAL MEASURES OR BY EXTERNAL ECONOMIC TRENDS AFFECTING SWITZERLAND. INFLATION EXPECTED CONTINUE AT PRESENT RATE (OVER 10 PERCENT) OR POSSIBLY BE ACCELERATED BY DEVELOPMENTS IN ENERGY FIELD. ANOTHER LOCAL, BUT SIGNIFICANT DOMESTIC ISSUE IS POSED BY JURA SEPARATIST MOVEMENT WHICH HAS ALREADY RESULTED IN SOME VIOLENCE AND PROBABLY WILL CAUSE MORE. FIRST OF SERIES OF REFERENDUMS SCHEDULED FOR JUNE 1974 SHOULD DEFUSE ISSUE SOMEWHAT.

5. PROSPECTS OF ECONOMIC SLOWDOWN MAY ALSO ADD TO PRESSURES FOR MORE SEVERE CURTAILMENT OF FOREIGN WORKER POPULATION NOW NUMBERING ALMOST ONE-THIRD OF SWISS WORK FORCE.
DAVIS

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